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State of Montana  
Dawson Community College  
General Purpose Financial Statements  
And Supplementary Information

Fiscal Years Ended June 30, 2001 and 2002

02C-05

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**STATE OF MONTANA  
DAWSON COMMUNITY COLLEGE  
GENERAL PURPOSE FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**FISCAL YEARS ENDED JUNE 30, 2001 AND 2002**

CONDUCTED UNDER CONTRACT BY  
C H M S, P.C.  
CONTACT: TARA LEE HILL, CPA  
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# LEGISLATIVE AUDIT DIVISION



Scott A. Seacat, Legislative Auditor  
John W. Northey, Legal Counsel

Deputy Legislative Auditors:  
Jim Pellegrini, Performance Audit  
Tori Hunthausen, IS Audit & Operations  
James Gillett, Financial-Compliance Audit

November 2002

The Legislative Audit Committee  
of the Montana State Legislature:

Enclosed is the report on the audit of Dawson Community College for the two fiscal years ended June 30, 2002.

The audit was conducted by CHMS, P.C., under a contract between the firm and our office. The comments and recommendations contained in this report represent the views of the firm and not necessarily the Legislative Auditor.

The agency's written response to the report recommendations is included in the back of the audit report

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Scott A. Seacat", with a long horizontal flourish extending to the right.

Scott A. Seacat  
Legislative Auditor

02C-05



**DAWSON COMMUNITY COLLEGE  
GLEN DIVE, MONTANA  
JUNE 30, 2001 AND 2002**

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**DAWSON COMMUNITY COLLEGE  
GLEN DIVE, MONTANA  
JUNE 30, 2001 AND 2002**

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**DAWSON COMMUNITY COLLEGE  
GLEN DIVE, MONTANA  
JUNE 30, 2001 AND 2002**

**APPOINTIVE AND ADMINISTRATIVE OFFICIALS**

**Montana Board of Regents of Higher Education**

|                        |                                      |
|------------------------|--------------------------------------|
| Judy Martz             | Governor                             |
| Richard A. Crofts      | Commissioner of Higher Education     |
| Linda McCulloch        | Superintendent of Public Instruction |
| Margie Thompson        | Chairman                             |
| Ed Jasmin              | Regent                               |
| Richard Roehm          | Regent                               |
| Mark J. Semmens        | Regent                               |
| John Mercer            | Regent                               |
| Lynn Morrison-Hamilton | Regent                               |
| John Mercer            | Student Regent                       |

**Dawson Community College Board of Trustees**

|                     |             |
|---------------------|-------------|
| Alan Sevier         | Chairperson |
| Jack Tidaback       | Trustee     |
| Daryl Clingingsmith | Trustee     |
| Darrell Lordemann   | Trustee     |
| Sandra McGovern     | Trustee     |
| Gerry Anderson      | Trustee     |
| Greg Behm           | Trustee     |

**Administration**

|                   |                                 |
|-------------------|---------------------------------|
| Dr. Terry Hetrick | President                       |
| Justin Cross      | Dean of Administrative Services |
| Diane Dohrmann    | Dean of Student Services        |
| CJ Law            | Dean of Instructional Services  |



**DAWSON COMMUNITY COLLEGE  
GLENDDIVE, MONTANA  
JUNE 30, 2001 AND 2002**

**GENERAL**

We performed a financial/compliance audit of Dawson Community College for the fiscal years ended June 30, 2001 and 2002. The objectives of our audit were to: (1) determine if the financial statements of the college present fairly its financial position and results of operation for the fiscal years then ended; (2) determine if the college complied with applicable state and federal laws and regulations; (3) make recommendations for the improvement of management and internal controls; and (4) determine whether prior audit recommendations have been effectively implemented.

Thank you to the Dawson Community College staff for their cooperation and assistance during the audit.

**BACKGROUND**

Dawson Community College at Glendive, Montana was established as a public junior college under provision of an act of the 1939 Montana Legislative Assembly. Its educational courses and staff are approved by the Montana Board of Regents.

The College offers the first two years of college work and accepts special registration for part time work in various courses where entering students can meet the qualifications set forth.

The 1965 legislature adopted a new community college law permitting the present junior colleges to separate from the high schools. On January 4, 1966, the Board of Trustees of Dawson County High School and Junior College moved to separate the two schools and change the name of the college to Dawson College. In April 1977, the name was officially changed by the Board of Trustees to Dawson Community College to reflect better the college's mission to meet the educational needs of its Eastern Montana community.



**DAWSON COMMUNITY COLLEGE  
GLEN DIVE, MONTANA  
JUNE 30, 2001 AND 2002**

**RECOMMENDATIONS**

**Finding #02-01 – Cash Reconciliations**

The College did not reconcile bank accounts and funds held outside the county treasurer to the general ledger on a monthly basis.

**Recommendation**

The College should reconcile all bank accounts, funds held by the county treasurer, and funds held outside the county treasurer to the general ledger on a monthly basis. The College should keep a subsidiary ledger of all bank accounts and investments held outside the county treasurer to reconcile to the general ledger.

**Finding #02-02 - Petty Cash**

The institution has several petty cash bank accounts at Stockman Bank. The institution does not have adequate control policies in place over management and operation of the petty cash funds.

**Recommendation**

The institution should adopt policies for the petty cash funds. The funds should be on an imprest system, where the cash in the account and outstanding checks and deposits reconcile to a fixed amount at all times.

**Finding #02-03 - Vacation Accruals**

The College calculates an employee's excess annual vacation leave on a fiscal year basis instead of a calendar year basis as required by Montana Code Annotated §2-18-617.

**Recommendation**

The College should calculate excess annual vacation leave and forfeitures of that vacation leave on a calendar basis in accordance with Montana Code Annotated §2-18-617.

**PRIOR YEARS' RECOMMENDATIONS**

A summary of the recommendations from fiscal years June 30, 1999 and 2000 is as follows:

| <u>Finding</u>                                                                                | <u>Status</u> |
|-----------------------------------------------------------------------------------------------|---------------|
| Recommendation #1 – Excess Cash -<br>Pell funds drawdowns not reconciled<br>on a timely basis | Implemented   |





**CHMS, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 1067  
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Sidney, Montana 59270  
406-482-2092  
1-800-676-2467  
FAX 406-482-2095

## INDEPENDENT AUDITOR'S REPORT

Legislative Audit Committee  
Of the Montana State Legislature

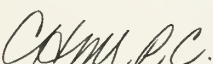
We have audited the accompanying general purpose financial statements of Dawson Community College, Glendive, Montana as of and for the years ended June 30, 2001 and 2002, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Dawson Community College, Glendive, Montana, as of June 30, 2001 and 2002, and the results of its operations and cash flows for its auxiliary funds for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 18, 2002, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information on pages 25-28 is presented for purposes of additional analysis. The accompanying schedules of expenditures of Federal Awards on pages 29-30 are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. This information is not a required part of the financial statements of Dawson Community College. Such information has been subjected to the audit procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

  
\_\_\_\_\_  
CHMS, P.C.  
Certified Public Accountants

September 18, 2002

OFFICES IN GLASGOW, MALTA, SIDNEY, GLENDIVE AND WOLF POINT



**DAWSON COMMUNITY COLLEGE  
GLENDDIVE, MONTANA  
BALANCE SHEET  
JUNE 30, 2001**

|                                                | CURRENT FUNDS        |                    |                     | STUDENT<br>LOAN<br>FUNDS | AGENCY<br>FUNDS  | PLANT FUNDS                   |                                  |                           |
|------------------------------------------------|----------------------|--------------------|---------------------|--------------------------|------------------|-------------------------------|----------------------------------|---------------------------|
|                                                | UNRESTRICTED         |                    | RESTRICTED          |                          |                  | RENEWAL<br>AND<br>REPLACEMENT | RETIREMENT<br>OF<br>INDEBTEDNESS | INVESTMENT<br>IN<br>PLANT |
|                                                | GENERAL<br>OPERATING | AUXILIARY<br>FUNDS | RESTRICTED          |                          |                  |                               |                                  |                           |
| <b>ASSETS</b>                                  |                      |                    |                     |                          |                  |                               |                                  |                           |
| Cash on Hand and in Bank (Note C)              | \$ 7,155             | \$ 26,788          | \$ -                | \$ 17,212                | \$ 3,923         | \$ -                          | \$ 35,531                        | \$ -                      |
| Cash on Deposit with County Treasurer (Note C) | 1,761,136            | 345,802            | 88,900              | 1,161                    | 11,606           | 510,957                       | 7,927                            | -                         |
| Investments                                    | -                    | -                  | 1,328,653           | -                        | -                | -                             | -                                | -                         |
| Receivables:                                   |                      |                    |                     |                          |                  |                               |                                  |                           |
| Taxes Receivable                               | 16,925               | -                  | -                   | -                        | -                | -                             | -                                | -                         |
| Grant Receivable                               | -                    | -                  | 62,957              | -                        | -                | -                             | -                                | -                         |
| Student Loan Receivable (Note D)               | -                    | -                  | -                   | 87,377                   | -                | -                             | -                                | -                         |
| Accounts Receivable                            | 35,556               | 15,355             | 3,912               | -                        | -                | -                             | -                                | -                         |
| Total Receivables                              | 52,481               | 15,355             | 66,869              | 87,377                   | -                | -                             | -                                | -                         |
| Inventories                                    | 11,449               | 82,361             | -                   | -                        | -                | -                             | -                                | -                         |
| Due From Other Funds                           | 264,919              | -                  | -                   | -                        | -                | -                             | -                                | -                         |
| Property, Plant and Equipment (Note E):        |                      |                    |                     |                          |                  |                               |                                  |                           |
| Land                                           | -                    | -                  | -                   | -                        | -                | -                             | -                                | 137,518                   |
| Buildings and Improvements                     | -                    | -                  | -                   | -                        | -                | -                             | -                                | 6,225,634                 |
| Equipment                                      | -                    | -                  | -                   | -                        | -                | -                             | -                                | 2,234,655                 |
| Total Property, Plant, and Equipment           | -                    | -                  | -                   | -                        | -                | -                             | -                                | 8,597,807                 |
| <b>TOTAL ASSETS</b>                            | <b>\$ 2,097,140</b>  | <b>\$ 470,306</b>  | <b>\$ 1,484,422</b> | <b>\$ 105,750</b>        | <b>\$ 15,529</b> | <b>\$ 510,957</b>             | <b>\$ 43,458</b>                 | <b>\$ 8,597,807</b>       |
| <b>LIABILITIES AND NET ASSETS</b>              |                      |                    |                     |                          |                  |                               |                                  |                           |
| Liabilities:                                   |                      |                    |                     |                          |                  |                               |                                  |                           |
| Accounts Payable and Accrued Liabilities       | \$ 22,231            | \$ -               | \$ 5,144            | \$ 1,161                 | \$ -             | \$ -                          | \$ 31,412                        | \$ -                      |
| Deferred Revenue                               | -                    | -                  | 33,044              | -                        | -                | -                             | -                                | -                         |
| Room Deposits                                  | -                    | 14,145             | -                   | -                        | -                | -                             | -                                | -                         |
| Due to Other Funds                             | 240,044              | -                  | 24,875              | -                        | -                | -                             | -                                | -                         |
| Due to Student Organizations                   | -                    | -                  | -                   | -                        | 15,529           | -                             | -                                | -                         |
| Compensated Absences (Note F)                  | 253,484              | -                  | -                   | -                        | -                | -                             | -                                | -                         |
| Long-term Obligations (Note G)                 | -                    | -                  | -                   | -                        | -                | -                             | -                                | 1,385,094                 |
| Total Liabilities                              | 515,759              | 14,145             | 63,063              | 1,161                    | 15,529           | -                             | 31,412                           | 1,385,094                 |
| <b>Fund Balance (Note A):</b>                  |                      |                    |                     |                          |                  |                               |                                  |                           |
| Unrestricted                                   | 1,581,381            | 456,161            | -                   | -                        | -                | 510,957                       | 12,046                           | 7,212,713                 |
| Temporarily Restricted                         | -                    | -                  | 1,421,359           | 104,589                  | -                | -                             | -                                | -                         |
| Total Fund Balance                             | 1,581,381            | 456,161            | 1,421,359           | 104,589                  | -                | 510,957                       | 12,046                           | 7,212,713                 |
| <b>TOTAL LIABILITIES AND FUND BALANCE</b>      | <b>\$ 2,097,140</b>  | <b>\$ 470,306</b>  | <b>\$ 1,484,422</b> | <b>\$ 105,750</b>        | <b>\$ 15,529</b> | <b>\$ 510,957</b>             | <b>\$ 43,458</b>                 | <b>\$ 8,597,807</b>       |

See notes to the financial statements



**DAWSON COMMUNITY COLLEGE**  
**GLENDDIVE, MONTANA**  
**STATEMENT OF CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2001**

|                                             | CURRENT FUNDS |            |              | LOAN FUNDS | PLANT FUNDS |              |              |
|---------------------------------------------|---------------|------------|--------------|------------|-------------|--------------|--------------|
|                                             | UNRESTRICTED  | AUXILIARY  | RESTRICTED   | STUDENT    | RENEWAL     | RETIREMENT   | INVESTMENT   |
|                                             | GENERAL       | FUNDS      | RESTRICTED   | LOAN       | AND         | OF           | IN           |
|                                             | OPERATING     |            |              | FUNDS      | REPLACEMENT | INDEBTEDNESS | PLANT        |
| <b>REVENUE AND OTHER ADDITIONS</b>          |               |            |              |            |             |              |              |
| Tuition and Fees                            | \$ 441,082    | \$ -       | \$ -         | \$ -       | \$ 63,877   | \$ -         | \$ -         |
| State Appropriations                        | 983,178       | -          | -            | -          | -           | 22,484       | -            |
| Local Appropriations                        | 1,083,420     | -          | -            | -          | -           | -            | -            |
| Interest Income                             | 51,277        | 17,259     | 107,670      | 1,354      | 24,987      | 3,153        | -            |
| Federal Grants and Loans                    | -             | -          | 1,033,452    | 19,500     | -           | -            | -            |
| State Grants                                | -             | -          | 43,273       | -          | -           | -            | -            |
| Private Gifts and Grants                    | 526           | -          | 98,495       | -          | -           | -            | -            |
| Restricted Student Fees                     | -             | -          | -            | -          | -           | -            | -            |
| Other Income                                | 523,093       | -          | 86,008       | 2,472      | 1,560       | -            | -            |
| Realized and Unrealized Gains/Losses        | -             | -          | 8,955        | -          | -           | -            | -            |
| Sales and Services of Auxiliary Enterprises | -             | -          | -            | -          | -           | -            | -            |
| Expended for Plant Facilities               | -             | 357,579    | -            | -          | -           | -            | 165,463      |
| Retirement of Indebtedness                  | -             | -          | -            | -          | -           | -            | 14,906       |
| Total Revenue and Other Additions           | 3,082,576     | 374,838    | 1,377,853    | 23,326     | 90,424      | 25,637       | 180,369      |
| <b>EXPENSES AND OTHER DEDUCTIONS</b>        |               |            |              |            |             |              |              |
| Education and General Expenses              |               |            |              |            |             |              |              |
| Instruction                                 | 1,330,324     | -          | 10,000       | -          | -           | -            | -            |
| Academic Support                            | 513,148       | -          | -            | -          | -           | -            | -            |
| Student Services                            | 909,018       | -          | 558,869      | 4,035      | -           | -            | -            |
| Institutional Support                       | 141,014       | -          | -            | -          | -           | -            | -            |
| Scholarships and Fellowships                | -             | -          | 618,769      | -          | -           | -            | -            |
| Operation and Maintenance of Plant          | 268,534       | -          | -            | -          | 28,315      | -            | -            |
| Auxiliary Enterprise Expenses               | -             | 316,978    | -            | -          | -           | 14,906       | -            |
| Retirement of Indebtedness                  | -             | -          | -            | -          | -           | -            | 100,696      |
| Retirement of Plant Facilities              | -             | -          | -            | -          | -           | 89,802       | -            |
| Interest on Indebtedness                    | -             | -          | -            | -          | -           | -            | -            |
| Total Expenses and Other Deductions         | 3,162,038     | 316,978    | 1,187,638    | 4,035      | 28,315      | 104,708      | 100,696      |
| Nonmandatory Transfers Between Funds        | -             | (54,175)   | -            | -          | -           | 54,175       | -            |
| Net Increase (Decrease) in Fund Balance     | (79,462)      | 3,685      | 190,215      | 19,291     | 62,109      | (24,896)     | 79,673       |
| Fund Balance, Beginning of Year             | 1,604,158     | 452,476    | 1,231,144    | 85,298     | 448,848     | 3,679        | 7,133,040    |
| Adjustment to Beginning Fund Balance        | 56,685        | -          | -            | -          | -           | 33,263       | -            |
| Fund Balance, Beginning of Year as Adjusted | 1,660,843     | 452,476    | 1,231,144    | 85,298     | 448,848     | 36,942       | 7,133,040    |
| Fund Balances, End of Year                  | \$ 1,581,381  | \$ 456,161 | \$ 1,421,359 | \$ 104,589 | \$ 510,957  | \$ 12,046    | \$ 7,212,713 |

See notes to the financial statements.



**DAWSON COMMUNITY COLLEGE  
GLEN DIVE, MONTANA  
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES,  
AND OTHER CHANGES  
FOR THE YEAR ENDED JUNE 30, 2001**

|                                                   | Current Funds          |                       |                       |
|---------------------------------------------------|------------------------|-----------------------|-----------------------|
|                                                   | Unrestricted           | Restricted            | Total                 |
| <b>Revenues:</b>                                  |                        |                       |                       |
| Tuition and Fees                                  | \$ 441,082             | \$ -                  | \$ 441,082            |
| State Appropriations                              | 983,178                | -                     | 983,178               |
| Local Appropriations                              | 1,083,420              | -                     | 1,083,420             |
| Federal Grants and Contracts                      | -                      | 1,033,452             | 1,033,452             |
| State Grants and Contracts                        | -                      | 43,273                | 43,273                |
| Private Gifts, Grants, and Contracts              | 526                    | 98,495                | 99,021                |
| Sales and Services of Auxiliary Enterprises       | 357,579                | -                     | 357,579               |
| Realized and Unrealized Gains/Losses              | -                      | 8,955                 | 8,955                 |
| Other Sources                                     | 591,629                | 3,463                 | 595,092               |
| Total Current Revenues                            | <u>3,457,414</u>       | <u>1,187,638</u>      | <u>4,645,052</u>      |
| <b>Expenditures and Mandatory Transfers:</b>      |                        |                       |                       |
| Education and General                             |                        |                       |                       |
| Instruction                                       | 1,330,324              | 10,000                | 1,340,324             |
| Academic Support                                  | 513,148                | -                     | 513,148               |
| Student Services                                  | 909,018                | 558,869               | 1,467,887             |
| Institutional Support                             | 141,014                | -                     | 141,014               |
| Scholarships and Fellowships                      | -                      | 618,769               | 618,769               |
| Operation and Maintenance of Plant                | 268,534                | -                     | 268,534               |
| Auxiliary Enterprises Expenditures                | 316,978                | -                     | 316,978               |
| Expended for Plant Facilities                     | -                      | -                     | -                     |
| Total Expenditures and Mandatory Transfers        | <u>3,479,016</u>       | <u>1,187,638</u>      | <u>4,666,654</u>      |
| <b>Other Transfers and Additions/(Deductions)</b> |                        |                       |                       |
| Excess of Restricted Receipts over                |                        |                       |                       |
| Transfers to Revenue                              | -                      | 190,215               | 190,215               |
| Transfer for Debt Retirement                      | (54,175)               | -                     | (54,175)              |
| Total Transfers and Additions/(Deductions)        | <u>(54,175)</u>        | <u>190,215</u>        | <u>136,040</u>        |
| <br>Net Increase (Decrease) in Fund Balance       | <br>\$ <u>(75,777)</u> | <br>\$ <u>190,215</u> | <br>\$ <u>114,438</u> |

See notes to the financial statements.



**DAWSON COMMUNITY COLLEGE  
GLEN DIVE, MONTANA  
STATEMENT OF CASH FLOWS OF AUXILIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2001**

**CASH FLOWS FROM OPERATING ACTIVITIES**

|                                                             |                          |
|-------------------------------------------------------------|--------------------------|
| Increase in Fund Balance                                    | \$ 3,685                 |
| <b>Changes in assets and liabilities:</b>                   |                          |
| (Increase) Decrease in Other Receivables                    | (4,902)                  |
| (Increase) Decrease in Inventory                            | (17,564)                 |
| Increase (Decrease) in Dorm Deposits                        | <u>1,763</u>             |
| <b>NET CASH USED BY OPERATING ACTIVITIES</b>                | <u>(17,018)</u>          |
| <b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b> | <u>-</u>                 |
| <b>NET CASH PROVIDED BY CAPITAL FINANCING ACTIVITIES</b>    | <u>-</u>                 |
| <b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>            | <u>-</u>                 |
| Net Decrease in Cash and Cash Equivalents                   | (17,018)                 |
| Cash and Cash Equivalents, Beginning of Year                | <u>389,608</u>           |
| Cash and Cash Equivalents, End of Year                      | <u><u>\$ 372,590</u></u> |

Reconciliation to the Balance Sheet

Auxiliary Funds:

|                                       |                          |
|---------------------------------------|--------------------------|
| Cash on Deposit with County Treasurer | \$ 345,802               |
| Cash on Hand and in Bank              | <u>26,788</u>            |
| <b>Total</b>                          | <u><u>\$ 372,590</u></u> |

See notes to the financial statements.



**DAWSON COMMUNITY COLLEGE  
GLENDALE, MONTANA  
BALANCE SHEET  
JUNE 30, 2002**

|                                                | CURRENT FUNDS        |                    |                     |             | STUDENT<br>LOAN<br>FUNDS | AGENCY<br>FUNDS  | PLANT FUNDS                   |                                  |                           |
|------------------------------------------------|----------------------|--------------------|---------------------|-------------|--------------------------|------------------|-------------------------------|----------------------------------|---------------------------|
|                                                | UNRESTRICTED         |                    | RESTRICTED          |             |                          |                  | RENEWAL<br>AND<br>REPLACEMENT | RETIREMENT<br>OF<br>INDEBTEDNESS | INVESTMENT<br>IN<br>PLANT |
|                                                | GENERAL<br>OPERATING | AUXILIARY<br>FUNDS | RESTRICTED          | RESTRICTED  |                          |                  |                               |                                  |                           |
| <b>ASSETS</b>                                  |                      |                    |                     |             |                          |                  |                               |                                  |                           |
| Cash on Hand and in Bank (Note C)              | \$ 7,142             | \$ 27,296          | \$ -                | \$ -        | \$ 29,170                | \$ 3,216         | \$ -                          | \$ 37,846                        | \$ -                      |
| Cash on Deposit with County Treasurer (Note C) | 1,870,892            | 410,221            | 130,516             | 1,251,859   | 1,161                    | 16,423           | 600,540                       | 10,543                           | -                         |
| Investments                                    | -                    | -                  | -                   | -           | -                        | -                | -                             | -                                | -                         |
| Receivables:                                   |                      |                    |                     |             |                          |                  |                               |                                  |                           |
| Taxes Receivable                               | 29,540               | -                  | -                   | -           | -                        | -                | -                             | -                                | -                         |
| Grant Receivable                               | -                    | -                  | 29,891              | -           | -                        | -                | -                             | -                                | -                         |
| Student Loan Receivable (Note D)               | -                    | -                  | -                   | -           | 82,585                   | -                | -                             | -                                | -                         |
| Accounts Receivable                            | 38,551               | 25,275             | 3,912               | -           | -                        | 272              | -                             | -                                | -                         |
| Total Receivables                              | 68,091               | 25,275             | 33,803              | -           | 82,585                   | 272              | -                             | -                                | -                         |
| Inventories                                    | -                    | 60,286             | -                   | -           | -                        | -                | -                             | -                                | -                         |
| Due From Other Funds                           | 271,799              | -                  | -                   | -           | -                        | -                | -                             | -                                | -                         |
| Property, Plant and Equipment (Note E):        |                      |                    |                     |             |                          |                  |                               |                                  |                           |
| Land                                           | -                    | -                  | -                   | -           | -                        | -                | -                             | -                                | 137,518                   |
| Buildings and Improvements                     | -                    | -                  | -                   | -           | -                        | -                | -                             | -                                | 6,240,193                 |
| Equipment                                      | -                    | -                  | -                   | -           | -                        | -                | -                             | -                                | 2,270,489                 |
| Total Property, Plant, and Equipment           | -                    | -                  | -                   | -           | -                        | -                | -                             | -                                | 8,648,200                 |
| <b>TOTAL ASSETS</b>                            | <b>\$ 2,217,924</b>  | <b>\$ 523,078</b>  | <b>\$ 1,416,178</b> | <b>\$ -</b> | <b>\$ 112,916</b>        | <b>\$ 19,911</b> | <b>\$ 600,540</b>             | <b>\$ 48,389</b>                 | <b>\$ 8,648,200</b>       |
| <b>LIABILITIES AND NET ASSETS</b>              |                      |                    |                     |             |                          |                  |                               |                                  |                           |
| Liabilities:                                   |                      |                    |                     |             |                          |                  |                               |                                  |                           |
| Accounts Payable and Accrued Liabilities       | \$ 54,436            | \$ -               | \$ 17,580           | \$ -        | \$ 1,161                 | \$ -             | \$ -                          | \$ 28,743                        | \$ -                      |
| Deferred Revenue                               | -                    | -                  | 11,102              | -           | -                        | -                | -                             | -                                | -                         |
| Room Deposits                                  | -                    | 14,671             | -                   | -           | -                        | -                | -                             | -                                | -                         |
| Due to Other Funds                             | 240,044              | -                  | 31,755              | -           | -                        | -                | -                             | -                                | -                         |
| Due to Student Organizations                   | -                    | -                  | -                   | -           | -                        | 19,911           | -                             | -                                | -                         |
| Compensated Absences (Note F)                  | 265,045              | -                  | -                   | -           | -                        | -                | -                             | -                                | -                         |
| Long-term Obligations (Note G)                 | -                    | -                  | -                   | -           | -                        | -                | -                             | -                                | 1,369,427                 |
| Total Liabilities                              | 559,525              | 14,671             | 60,437              | -           | 1,161                    | 19,911           | -                             | 28,743                           | 1,369,427                 |
| <b>Fund Balance (Note A):</b>                  |                      |                    |                     |             |                          |                  |                               |                                  |                           |
| Unrestricted                                   | 1,658,399            | 508,407            | -                   | -           | -                        | -                | 600,540                       | 19,646                           | 7,278,773                 |
| Temporarily Restricted                         | -                    | -                  | 1,355,741           | -           | 111,755                  | -                | -                             | -                                | -                         |
| Total Fund Balance                             | 1,658,399            | 508,407            | 1,355,741           | -           | 111,755                  | -                | 600,540                       | 19,646                           | 7,278,773                 |
| <b>TOTAL LIABILITIES AND FUND BALANCE</b>      | <b>\$ 2,217,924</b>  | <b>\$ 523,078</b>  | <b>\$ 1,416,178</b> | <b>\$ -</b> | <b>\$ 112,916</b>        | <b>\$ 19,911</b> | <b>\$ 600,540</b>             | <b>\$ 48,389</b>                 | <b>\$ 8,648,200</b>       |

See notes to the financial statements



**DAWSON COMMUNITY COLLEGE  
GLENDALE, MONTANA  
STATEMENT OF CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2002**

|                                             | CURRENT FUNDS        |                                    |              | LOAN FUNDS               |                               | PLANT FUNDS                      |                           |  |
|---------------------------------------------|----------------------|------------------------------------|--------------|--------------------------|-------------------------------|----------------------------------|---------------------------|--|
|                                             | GENERAL<br>OPERATING | UNRESTRICTED<br>AUXILIARY<br>FUNDS | RESTRICTED   | STUDENT<br>LOAN<br>FUNDS | RENEWAL<br>AND<br>REPLACEMENT | RETIREMENT<br>OF<br>INDEBTEDNESS | INVESTMENT<br>IN<br>PLANT |  |
| REVENUE AND OTHER ADDITIONS                 |                      |                                    |              |                          |                               |                                  |                           |  |
| Tuition and Fees                            | \$ 505,750           | \$ -                               | \$ -         | \$ -                     | \$ 71,546                     | \$ -                             | \$ -                      |  |
| State Appropriations                        | 1,259,533            | -                                  | -            | -                        | -                             | 2,362                            | -                         |  |
| Local Appropriations                        | 1,031,121            | -                                  | -            | -                        | -                             | -                                | -                         |  |
| Interest Income                             | 99,858               | 9,415                              | 56,382       | 1,665                    | 15,443                        | 2,569                            | -                         |  |
| Federal Grants and Loans                    | -                    | -                                  | 1,199,637    | 7,708                    | -                             | -                                | -                         |  |
| State Grants                                | -                    | -                                  | 50,337       | -                        | -                             | -                                | -                         |  |
| Private Gifts and Grants                    | 293                  | -                                  | 126,148      | -                        | -                             | -                                | -                         |  |
| Restricted Student Fees                     | -                    | -                                  | -            | -                        | -                             | -                                | -                         |  |
| Other Income                                | 256,044              | -                                  | 16,260       | 1,823                    | 12,567                        | -                                | -                         |  |
| Realized and Unrealized Gains/Losses        | -                    | -                                  | (133,176)    | -                        | -                             | -                                | -                         |  |
| Sales and Services of Auxiliary Enterprises | -                    | 412,458                            | -            | -                        | -                             | -                                | -                         |  |
| Expended for Plant Facilities               | -                    | -                                  | -            | -                        | -                             | -                                | 134,854                   |  |
| Retirement of Indebtedness                  | -                    | -                                  | -            | -                        | -                             | -                                | 15,667                    |  |
| Total Revenue and Other Additions           | 3,152,599            | 421,873                            | 1,315,588    | 11,196                   | 99,556                        | 4,931                            | 150,521                   |  |
| EXPENSES AND OTHER DEDUCTIONS               |                      |                                    |              |                          |                               |                                  |                           |  |
| Education and General Expenses              |                      |                                    |              |                          |                               |                                  |                           |  |
| Instruction                                 | 1,449,676            | -                                  | 9,433        | -                        | -                             | -                                | -                         |  |
| Academic Support                            | 255,776              | -                                  | -            | -                        | -                             | -                                | -                         |  |
| Student Services                            | 939,386              | -                                  | 655,834      | 4,030                    | -                             | -                                | -                         |  |
| Institutional Support                       | 171,832              | -                                  | -            | -                        | -                             | -                                | -                         |  |
| Scholarships and Fellowships                | -                    | -                                  | 715,939      | -                        | -                             | -                                | -                         |  |
| Operation and Maintenance of Plant          | 258,911              | -                                  | -            | -                        | 9,973                         | -                                | -                         |  |
| Auxiliary Enterprise Expenses               | -                    | 264,870                            | -            | -                        | -                             | -                                | -                         |  |
| Retirement of Indebtedness                  | -                    | -                                  | -            | -                        | -                             | 15,667                           | -                         |  |
| Retirement of Plant Facilities              | -                    | -                                  | -            | -                        | -                             | -                                | 84,461                    |  |
| Interest on Indebtedness                    | -                    | -                                  | -            | -                        | -                             | -                                | -                         |  |
| Total Expenses and Other Deductions         | 3,075,581            | 264,870                            | 1,381,206    | 4,030                    | 9,973                         | 102,088                          | 84,461                    |  |
| Nonmandatory Transfers Between Funds        | -                    | (104,757)                          | -            | -                        | -                             | 104,757                          | -                         |  |
| Net Increase (Decrease) in Fund Balance     | 77,018               | 52,246                             | (65,618)     | 7,166                    | 89,583                        | 7,600                            | 66,060                    |  |
| Fund Balance, Beginning of Year             | 1,581,381            | 456,161                            | 1,421,359    | 104,589                  | 510,957                       | 12,046                           | 7,212,713                 |  |
| Fund Balances, End of Year                  | \$ 1,658,399         | \$ 508,407                         | \$ 1,355,741 | \$ 111,755               | \$ 600,540                    | \$ 19,646                        | \$ 7,278,773              |  |

See notes to the financial statements.



**DAWSON COMMUNITY COLLEGE  
GLEN DIVE, MONTANA  
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES,  
AND OTHER CHANGES  
FOR THE YEAR ENDED JUNE 30, 2002**

|                                                   | Current Funds         |                        |                      |
|---------------------------------------------------|-----------------------|------------------------|----------------------|
|                                                   | Unrestricted          | Restricted             | Total                |
| <b>Revenues:</b>                                  |                       |                        |                      |
| Tuition and Fees                                  | \$ 505,750            | \$ -                   | \$ 505,750           |
| State Appropriations                              | 1,259,533             | -                      | 1,259,533            |
| Local Appropriations                              | 1,031,121             | -                      | 1,031,121            |
| Federal Grants and Contracts                      | -                     | 1,199,637              | 1,199,637            |
| State Grants and Contracts                        | -                     | 50,337                 | 50,337               |
| Private Gifts, Grants, and Contracts              | 293                   | 126,148                | 126,441              |
| Sales and Services of Auxiliary Enterprises       | 412,458               | -                      | 412,458              |
| Realized and Unrealized Gains/Losses              | -                     | (133,176)              | (133,176)            |
| Other Sources                                     | 365,317               | 138,260                | 503,577              |
| Total Current Revenues                            | <u>3,574,472</u>      | <u>1,381,206</u>       | <u>4,955,678</u>     |
| <b>Expenditures and Mandatory Transfers:</b>      |                       |                        |                      |
| Education and General                             |                       |                        |                      |
| Instruction                                       | 1,449,676             | 9,433                  | 1,459,109            |
| Academic Support                                  | 255,776               | -                      | 255,776              |
| Student Services                                  | 939,386               | 655,834                | 1,595,220            |
| Institutional Support                             | 171,832               | -                      | 171,832              |
| Scholarships and Fellowships                      | -                     | 715,939                | 715,939              |
| Operation and Maintenance of Plant                | 258,911               | -                      | 258,911              |
| Auxiliary Enterprises Expenditures                | 264,870               | -                      | 264,870              |
| Expended for Plant Facilities                     | -                     | -                      | -                    |
| Total Expenditures and Mandatory Transfers        | <u>3,340,451</u>      | <u>1,381,206</u>       | <u>4,721,657</u>     |
| <b>Other Transfers and Additions/(Deductions)</b> |                       |                        |                      |
| Restricted Receipts Over (Under)                  |                       |                        |                      |
| Transfers to Revenue                              | -                     | (65,618)               | (65,618)             |
| Transfer for Debt Retirement                      | (104,757)             | -                      | (104,757)            |
| Total Transfers and Additions/(Deductions)        | <u>(104,757)</u>      | <u>(65,618)</u>        | <u>(170,375)</u>     |
| <br>Net Increase (Decrease) in Fund Balance       | <br>\$ <u>129,264</u> | <br>\$ <u>(65,618)</u> | <br>\$ <u>63,646</u> |

See notes to the financial statements.



DAWSON COMMUNITY COLLEGE  
GLENDIVE, MONTANA  
STATEMENT OF CASH FLOWS OF AUXILIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2002

**CASH FLOWS FROM OPERATING ACTIVITIES**

|                                                      |                          |
|------------------------------------------------------|--------------------------|
| Increase in Fund Balance                             | \$ 52,246                |
| <b>Changes in assets and liabilities:</b>            |                          |
| (Increase) Decrease in Other Receivables             | (9,920)                  |
| (Increase) Decrease in Inventory                     | 22,075                   |
| Increase (Decrease) in Dorm Deposits                 | <u>526</u>               |
| NET CASH PROVIDED BY OPERATING ACTIVITIES            | <u>64,927</u>            |
| NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES | <u>-</u>                 |
| NET CASH PROVIDED BY CAPITAL FINANCING ACTIVITIES    | <u>-</u>                 |
| NET CASH PROVIDED BY INVESTING ACTIVITIES            | <u>-</u>                 |
| Net Increase in Cash and Cash Equivalents            | 64,927                   |
| Cash and Cash Equivalents, Beginning of Year         | <u>372,590</u>           |
| Cash and Cash Equivalents, End of Year               | \$ <u><u>437,517</u></u> |

Reconciliation to the Balance Sheet

Auxiliary Funds:

|                                       |                          |
|---------------------------------------|--------------------------|
| Cash on Deposit with County Treasurer | \$ 410,221               |
| Cash on Hand and in Bank              | <u>27,296</u>            |
| Total                                 | \$ <u><u>437,517</u></u> |

See notes to the financial statements.



**DAWSON COMMUNITY COLLEGE  
GLENDAVE, MONTANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001 AND 2002**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of Dawson Community College, a Community College District (the College), is presented to assist in understanding the College's financial statements. The financial statements and notes are representations of the College's management, which is responsible for their integrity and objectivity.

**Reporting Entity**

Dawson Community College is a community college district which has received full accreditation by the Northwest Association of Schools and Colleges. The College is managed by a Board of Trustees, each member of which is elected in district-wide elections. The college administration is appointed by and responsible to the Board of Trustees.

The County government of Dawson County provides substantial services to the College. Taxes are levied and collected by the County. Cash is maintained and invested by the County Treasurer. The County does not significantly influence the operations of the College; thus, the College is treated as a separate and independent unit of local government.

The College, for financial purposes, includes all funds, account groups, organizations and boards for which the College is financially accountable, and other organizations for which the nature and significance of the relationship are such that the exclusion would cause the College's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a majority of the governing body, and by the imposition of will or the potential for financial benefit or burden.

**Financial Statements**

The accompanying financial statements have been prepared following the standards of accounting and reporting as described by National College and University Business Officers (NACUBO). In accordance with GASB No. 15, "Governmental College and University Accounting and Reporting Models", the University has adopted the American Institute of Certified Public Accountants' (AICPA) "College Guide Model" for presentation of its financial statements.

The statement of current fund revenues, expenditures, and other changes is a statement of financial activities of current funds related to the current reporting period and does not purport to present the results of operations or the net income or loss for the period.

**Fund Accounting**

The accounts of the College are maintained in accordance with the principles of fund accounting wherein resources are classified for accounting purposes into funds that are identified by the limitations and restrictions upon their use. Separate accounts are maintained for each fund; however, accounts with common characteristics are combined into fund groups and reflected as such in the accompanying financial statements. The common characteristics of the funds contained in the various fund groups are as follows:



**DAWSON COMMUNITY COLLEGE  
GLEN DIVE, MONTANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001 AND 2002**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Current Funds**

Current funds are used primarily to account for transactions made in performing the primary and support objectives of the College: instruction, research, public service, academic support, student services, institutional support, operation and maintenance of plant, scholarships and fellowships, and auxiliary activities. Funds included in this classification consist of:

**General operating funds** - These funds are used to account for transactions relating to the educational and general operations of the College.

**Auxiliary enterprises funds** - These funds are used to account for transactions of substantially self-supporting activities that primarily provide services for students, faculty, and staff. The funds included in this classification are the dormitories and the bookstore.

**Restricted funds** - These funds are used to account for current funds expended for operating purposes but are restricted by donors or other outside agencies as to how they may be spent. Revenues of the restricted funds are reported in the statement of current funds revenues, expenditures, and other changes only to the extent expended for current operating purposes. The difference between receipts and expenditures is included as an addition to or deduction from fund balance for the year.

**Student Loan Funds**

These funds are available for loans to students to help finance their education and are provided by federal, private, and College sources. The federal government provides the majority of the funds.

**Agency Funds**

These funds are used to account for assets held by the College as custodian or fiscal agent for others. The

**Plant Funds**

These funds used to account for the transactions relating to investment in property. Plant funds include:

**Renewal and Replacement** - comprised of amounts provided for renewal and replacement of properties.

**Retirement of Indebtedness** - accumulates resources for interest and principal payments and other debt service charges relating to plant fund indebtedness.

**Investment in Plant Fund** - represents the total of property, buildings, equipment and related liabilities.



**DAWSON COMMUNITY COLLEGE  
GLEN DIVE, MONTANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001 AND 2002**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting**

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under the modified accrual basis, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of current period. Expenditures are recorded when the related fund liability is incurred.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenditures, in the case of normal additions, (2) mandatory transfers, in the case of required provisions for debt amortization and interest, and property renewal and replacement, and (3) other transfers, for all other cases.

The accrual basis of accounting is utilized by the auxiliary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, in essentially the same manner as in business-type accounting and financial reporting. Auxiliary accounting and reporting for the College includes the use of Financial Accounting Standards Board (FASB) Statements and Interpretations, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements.

The College reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has legal claim to them, such as when grant moneys are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

**Cash and Cash Equivalents**

The College considers all investments to be highly liquid, and, therefore, cash equivalents.

**Investments**

Investments held outside the County Treasurer are carried at lower of cost or market. Investments with the County Treasurer are carried at cost, which approximates market value. Investments in the State Short-term Investment Pool (STIP) may include certain types of derivatives. A derivative is any "contract whose value depends on, or derives from, the value of an underlying asset, reference rate or index." The STIP portfolio includes asset-backed securities and variable-rate (floating rate) instruments. (See Note C on Investment Risk Categories.)

**Taxes Receivable**

The College records taxes receivable for property taxes that have been assessed but have not yet been collected. Property tax revenue is recognized when it is billed.



**DAWSON COMMUNITY COLLEGE  
GLEN DIVE, MONTANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001 AND 2002**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Inventories**

Inventories consist mainly of bookstore supplies and are valued at cost on the first-in, first-out method.

**Use of Estimates**

The preparation of these general purpose financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from these estimates.

**Plant and Equipment**

Public domain general fixed assets ("infrastructure") consisting of roads, parking lots, curbs, and gutters, sidewalks, drainage systems, and lighting systems are not capitalized, as these assets are immovable and of value only to the government.

All purchased fixed assets are valued at cost where historical records are available and at estimated historical costs where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Assets in the plant fund are not depreciated.

**Donated Services**

The value of donated services are not recognized, since the types of services rendered do not create or enhance the College's non-financial assets, nor do they require specialized skills.

**NOTE B - LOCAL APPROPRIATIONS**

All property taxes are collected by the Treasurer of Dawson County, Montana. Property tax revenue is recognized when it is billed. Property taxes attach as an enforceable lien on property as of January 1st and are levied on the 2nd Monday in August. They are due in two equal installments on November 30th, and May 31st, following the levy date.

The tax levies for the College for the years ended June 30, 2001 and 2002 were as follows:

|                       | Number of Mills         |                         |
|-----------------------|-------------------------|-------------------------|
|                       | Year ended<br>6/30/2001 | Year ended<br>6/30/2002 |
| Mandatory County Levy | 46.78                   | 47.12                   |
| Voted Levy            | 11.43                   | 11.57                   |
| Adult Education Levy  | 1.00                    | 1.00                    |
| Retirement Levy       | 12.25                   | 12.35                   |
| Total                 | 71.46                   | 72.04                   |

The value of one mill was \$12,443 for 2002 and \$12,593 for 2001.



**DAWSON COMMUNITY COLLEGE  
GLEN DIVE, MONTANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001 AND 2002**

**NOTE C - CASH AND INVESTMENTS**

Cash and Investments, except those identified below, are held by the Dawson County Treasurer. The Board of Trustees may invest money of the College in savings deposits, time deposits or repurchase agreements with financial institutions that are located in Montana and are insured by the FDIC, FSLIC, or NCUA. The Board of Trustees may also invest the College's money in obligations of the United States Government, or in the State Short-Term Investment Pool (S.T.I.P.).

Cash and Investments held by the Treasurer of Dawson County is recorded at cost and is as follows at June 30, 2001:

|                                           | <u>Carrying<br/>Value</u> | <u>Fair<br/>Value</u> | <u>Unrealized<br/>Gain(Loss)</u> |
|-------------------------------------------|---------------------------|-----------------------|----------------------------------|
| Invested in the<br>County Investment Pool | \$ <u>2,727,489</u>       | \$ <u>2,729,074</u>   | \$ <u>1,585</u>                  |

Cash and Investments held by the Treasurer of Dawson County is recorded at cost and is as follows at June 30, 2002:

|                                           | <u>Carrying<br/>Value</u> | <u>Fair<br/>Value</u> | <u>Unrealized<br/>Gain(Loss)</u> |
|-------------------------------------------|---------------------------|-----------------------|----------------------------------|
| Invested in the<br>County Investment Pool | \$ <u>3,040,296</u>       | \$ <u>3,051,676</u>   | \$ <u>11,380</u>                 |

The Dawson County Commissioners require 50% security on money held by the Dawson County Treasurer. The governmental entities' money is insured by the Federal Deposit Insurance Corporation (FDIC) for each "public unit" based on how the account is titled at the financial institution. The College's money invested in the county investment pool is titled in the Dawson County Treasurer's name, and therefore is not separately insured by FDIC insurance. The county government is considered to have \$100,000 FDIC insurance for demand deposits and \$100,000 FDIC insurance for time and savings deposits in each bank within the state.

The county investment pool has money invested in the State Short-Term Investment Pool (S.T.I.P.) which includes asset-backed and variable-rate securities. Asset-backed securities have less credit risk than securities not backed by pledged assets. Market risk for asset-backed securities is the same as for similar non asset-backed securities. Variable-rate securities have credit risk identical to similar fixed-rate securities; the related market risk is more sensitive to changes in interest rates. However, their market risk may be less volatile than fixed-rate securities because their value will usually remain at or near par value as a result of their interest rates being periodically reset to maintain a current market yield. The Montana Board of Investments reported that they were not aware of any legal risks associated with any of the S.T.I.P. investments, as of June 30, 2002.

The Securities Investor Protection Corporation (SIPC) provides protection for cash and securities held in customer accounts by member broker-dealers. Protection is provided for up to \$500,000 on each customer's account, including up to \$100,000 on claims for cash (as distinct from claims for securities). SIPC does not cover declines in the market value of securities.

Cash and Investments not held by the county treasurer, with the exception of Edward Jones Investments, have been recorded at cost. The Edward Jones Investments are recorded at market. A summary of the cash and investments is as follows at June 30, 2001:



**DAWSON COMMUNITY COLLEGE  
GLEN DIVE, MONTANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001 AND 2002**

**NOTE C - CASH AND INVESTMENTS (CONTINUED)**

|                             | <u>Book<br/>Balance</u> | <u>Fair Value and<br/>Bank Balance</u> |
|-----------------------------|-------------------------|----------------------------------------|
| Petty Cash Accounts         | \$ 7,305                | \$ 7,305                               |
| Student Loan Fund Deposits  | 17,212                  | 17,212                                 |
| Agency Funds Cash           | 3,923                   | 3,923                                  |
| Cash in Bank - Loan Reserve | 62,169                  | 62,169                                 |
| Investments - Edward Jones  | <u>1,328,653</u>        | <u>1,328,653</u>                       |
| Total                       | <u>\$ 1,419,262</u>     | <u>\$ 1,419,262</u>                    |

Deposits can be broken down into the following risk categories in accordance with GASB No. 3 as of June 30, 2001:

|                             | <u>Bank Balance</u> |
|-----------------------------|---------------------|
| Category 1 - Insured (FDIC) | \$ <u>86,686</u>    |

Investments can be broken down into the following risk categories in accordance with GASB No. 3 as of June 30, 2001:

|                                                                                                                                                                 | <u>Bank Balance</u> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Category 1 - Insured (FDIC)                                                                                                                                     | \$ 25,882           |
| Category 1 - Insured (SIPC)                                                                                                                                     | 500,000             |
| Category 3 - Includes bank balances and investments<br>uncollateralized and uninsured or for which collateral<br>has been pledged but not in the College's name | 802,771             |
| Uncategorized investments - amount invested in an external<br>investment pool (Dawson County Investment Pool).                                                  | <u>2,729,074</u>    |
|                                                                                                                                                                 | <u>\$ 4,057,727</u> |

The cost basis of the Edward Jones investments on June 30, 2001, was \$1,515,194. The College's books have recorded an unrealized loss on the Edward Jones investments of \$186,541 as of June 30, 2001.

Cash and Investments not held by the county treasurer, with the exception of Edward Jones Investments, have been recorded at cost. The Edward Jones Investments are recorded at market. A summary of the cash and investments is as follows at June 30, 2002:

|                             | <u>Book<br/>Balance</u> | <u>Fair Value and<br/>Bank Balance</u> |
|-----------------------------|-------------------------|----------------------------------------|
| Petty Cash Accounts         | \$ 7,292                | \$ 7,292                               |
| Student Loan Fund Deposits  | 30,849                  | 30,849                                 |
| Agency Funds Cash           | 3,216                   | 3,216                                  |
| Cash in Bank - Loan Reserve | 64,992                  | 64,992                                 |
| Investments - Edward Jones  | <u>1,251,859</u>        | <u>1,251,859</u>                       |
| Total                       | <u>\$ 1,358,208</u>     | <u>\$ 1,358,208</u>                    |



**DAWSON COMMUNITY COLLEGE  
GLENDDIVE, MONTANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001 AND 2002**

**NOTE C - CASH AND INVESTMENTS (CONTINUED)**

Deposits can be broken down into the following risk categories in accordance with GASB No. 3 as of June 30, 2002:

|                             | <u>Bank Balance</u> |
|-----------------------------|---------------------|
| Category 1 - Insured (FDIC) | \$ <u>103,133</u>   |

Investments can be broken down into the following risk categories in accordance with GASB No. 3 as of June 30, 2002:

|                                                                                                                                                                 | <u>Bank Balance</u> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Category 1 - Insured (FDIC)                                                                                                                                     | \$ 26,274           |
| Category 1 - Insured (SIPC)                                                                                                                                     | 500,000             |
| Category 3 - Includes bank balances and investments<br>uncollateralized and uninsured or for which collateral<br>has been pledged but not in the College's name | 725,585             |
| Uncategorized investments - amount invested in an external<br>investment pool (Dawson County Investment Pool).                                                  | <u>3,051,676</u>    |
|                                                                                                                                                                 | \$ <u>3,777,261</u> |

The cost basis of the Edward Jones investments on June 30, 2002, was \$1,567,603. The College's books have recorded an unrealized loss on investments of \$315,744 as of June 30, 2002.

Near the completion of fieldwork the market value of the investments continued to significantly decline, the College would have additional unrealized losses in excess of \$111,000 as of September 16, 2002.

**NOTE D - STUDENT LOANS RECEIVABLE**

The student loans receivable are reported net of the allowance for doubtful accounts. The allowance for doubtful accounts is \$10,500 as of June 30, 2001 and 2002.

**NOTE E - PROPERTY, PLANT, AND EQUIPMENT**

A summary of the changes in Property, Plant, and Equipment as of June 30, 2001 is as follows:

|                   | <u>Balance<br/>6/30/2000</u> | <u>Current<br/>Additions</u> | <u>Current<br/>Deletions</u> | <u>Balance<br/>6/30/2001</u> |
|-------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Land              | \$ 134,518                   | \$ 3,000                     | \$ -                         | \$ 137,518                   |
| Buildings         | 6,204,392                    | 21,242                       | -                            | 6,225,634                    |
| Equipment         | 1,861,220                    | 128,990                      | 96,351                       | 1,893,859                    |
| Library Inventory | <u>332,910</u>               | <u>12,231</u>                | <u>4,345</u>                 | <u>340,796</u>               |
|                   | \$ <u>8,533,040</u>          | \$ <u>165,463</u>            | \$ <u>100,696</u>            | \$ <u>8,597,807</u>          |



**DAWSON COMMUNITY COLLEGE  
GLEN DIVE, MONTANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001 AND 2002**

**NOTE E - PROPERTY, PLANT, AND EQUIPMENT (CONTINUED)**

A summary of the changes in Property, Plant, and Equipment as of June 30, 2002 is as follows:

|                   | Balance<br>6/30/2001 | Current<br>Additions | Current<br>Deletions | Balance<br>6/30/2002 |
|-------------------|----------------------|----------------------|----------------------|----------------------|
| Land              | \$ 137,518           | \$ -                 | \$ -                 | \$ 137,518           |
| Buildings         | 6,225,634            | 14,559               | -                    | 6,240,193            |
| Equipment         | 1,893,859            | 105,145              | 82,408               | 1,916,596            |
| Library inventory | 340,796              | 15,150               | 2,053                | 353,893              |
|                   | <u>\$ 8,597,807</u>  | <u>\$ 134,854</u>    | <u>\$ 84,461</u>     | <u>\$ 8,648,200</u>  |

**NOTE F - COMPENSATED ABSENCES PAYABLE**

Compensated absences payable, which represent vacation and sick leave earned by employees which is payable upon termination, were as follows:

|                         |                      |                        |                      |
|-------------------------|----------------------|------------------------|----------------------|
| June 30, 2001:          | Balance<br>6/30/2000 | Increase<br>(Decrease) | Balance<br>6/30/2001 |
| Vacation and Sick Leave | \$ 207,218           | \$ 46,266              | \$ 253,484           |
| June 30, 2002:          | Balance<br>6/30/2001 | Increase<br>(Decrease) | Balance<br>6/30/2002 |
| Vacation and Sick Leave | \$ 253,484           | \$ 11,561              | \$ 265,045           |

**NOTE G - LONG-TERM OBLIGATIONS**

Long-term obligations consists of two mortgages payable, as described below. Changes in mortgages payable during 2001 were as follows:

|                        | Balance<br>6/30/00  | Debt<br>Issued | Principal<br>Payment | Balance<br>6/30/2001 |
|------------------------|---------------------|----------------|----------------------|----------------------|
| Stockman Bank          | \$ 700,000          | \$ -           | \$ 9,202             | \$ 690,798           |
| USDA Rural Development | 700,000             | -              | 5,704                | 694,296              |
|                        | <u>\$ 1,400,000</u> | <u>\$ -</u>    | <u>\$ 14,906</u>     | <u>\$ 1,385,094</u>  |

Changes in mortgages payable during 2002 were as follows:

|                        | Balance<br>6/30/01  | Debt<br>Issued | Principal<br>Payment | Balance<br>6/30/02  |
|------------------------|---------------------|----------------|----------------------|---------------------|
| Stockman Bank          | \$ 690,798          | \$ -           | \$ 9,687             | \$ 681,111          |
| USDA Rural Development | 694,296             | -              | 5,980                | 688,316             |
|                        | <u>\$ 1,385,094</u> | <u>\$ -</u>    | <u>\$ 15,667</u>     | <u>\$ 1,369,427</u> |



**DAWSON COMMUNITY COLLEGE  
GLEN DIVE, MONTANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001 AND 2002**

**NOTE G - LONG-TERM OBLIGATIONS (CONTINUED)**

The note payable to Stockman Bank of \$700,000 originated on February 21, 2000. Payments of \$65,298 including both principal and interest, are due on February 10 each year. The note will mature in 2025. Interest is payable at 7.97% per annum, with the interest rate to be recalculated every five years. The interest rate will not fall below 7% nor rise higher than 11.5%. This note is secured by the dormitory and its contents. This note is secured by deeds of trust on real estate and improvements of the student dormitories and adjacent parking area. The note is also secured by any furnitures, fixtures, and equipment located in the dormitories, along with an assignment of rental revenue from all of the student dormitories owned by the College.

The note payable to the United States Department of Agriculture - Rural Development originated on February 21, 2000, in the amount of \$700,000. Principal and interest payments of \$39,410 are due on February 21 each year for 40 years. Interest is payable at 4.75% per annum. This note is secured by an assignment of rental revenues from all existing and hereinafter acquired student dormitory facilities owned by the College.

Mortgages payable maturities are as follows:

| <u>Year</u> |    | <u>Principal</u>        |
|-------------|----|-------------------------|
| 2003        | \$ | 16,719                  |
| 2004        |    | 17,843                  |
| 2005        |    | 19,047                  |
| 2006        |    | 20,337                  |
| 2007        |    | 21,719                  |
| thereafter  |    | <u>1,273,762</u>        |
| Total       | \$ | <u><u>1,369,427</u></u> |

**NOTE H - RETIREMENT PLANS**

The College participates in two state-wide, multiple employer, cost-sharing retirement plans which cover all employees, except some substitute and part-time, non-teaching employees. The Teachers' Retirement System (TRS) covers certified teaching employees, and the Public Employee Retirement System (PERS) covers non-teaching employees. The plans are established by State law and are administered by the Department of Administration of the State of Montana. The plans provide retirement, disability, and death benefits to plan members and beneficiaries.

Both plans issue publicly available annual reports that include financial statements and required supplemental information for the plans. The reports for the Teachers' Retirement System can be obtained at P.O. Box 200139, 1500 Sixth Ave., Helena, MT 59620-0139. The reports for the Public Employees Retirement System can be obtained at P.O. Box 200131, 1712 Ninth Ave., Helena, MT 59620-0131. The financial statements for the Public Employees Retirement System include activity for a defined benefit and a defined contribution retirement plan. The defined contribution plan is available to all active members starting July 1, 2002. The assets of one retirement plan cannot be commingled with those of another plan.



**DAWSON COMMUNITY COLLEGE  
GLEN DIVE, MONTANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001 AND 2002**

**NOTE H - RETIREMENT PLANS (CONTINUED)**

Contribution rates, expressed as a percentage of covered payroll, which are determined by State law, were as follows:

June 30, 2002 and June 30, 2001:

|      | <u>Employer</u> | <u>Employee</u> | <u>Total</u> |
|------|-----------------|-----------------|--------------|
| TRS  | 7.47%           | 7.15%           | 14.62%       |
| PERS | 6.80%           | 6.90%           | 13.70%       |

The amounts contributed by both the employees and the College for the prior three years ended June 30, were as follows:

|       | <u>2002</u>       |    | <u>2001</u>    |    | <u>2000</u>    |
|-------|-------------------|----|----------------|----|----------------|
| TRS   | \$ 197,613        | \$ | 190,949        | \$ | 388,492        |
| PERS  | <u>74,092</u>     |    | <u>81,515</u>  |    | <u>61,849</u>  |
| Total | <u>\$ 271,705</u> | \$ | <u>272,464</u> | \$ | <u>450,341</u> |

The State of Montana contributes .10% of the employees' wages covered by PERS, and .11% of the employees' wages covered by TRS, which are considered on-behalf payments. The College did not record this contribution in its financial statements, as required by generally accepted accounting principles.

**NOTE I - RISK MANAGEMENT**

The College faces a considerable number of risks of loss, including a) damage to and loss of property and contents, b) employee torts, c) professional liability i.e. errors and omissions, d) environmental damage, and e) workers' compensation, i.e. employee injuries. A variety of methods is used to provide insurance for these risks. Commercial policies, transferring all risks of loss, except for relatively small deductible amounts, are purchased for property and content damage, employee torts, and professional liabilities. Coverage limits and the deductibles on the commercial policies have stayed relatively constant for the last several years, except for property and content coverage where the guaranteed values have been increased to approximate replacement cost of the assets. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE J - RELATED PARTY TRANSACTIONS**

The College engages in transactions with the Dawson College Foundation. The Dawson College Foundation is a legally separate corporation formed to promote the College. The Dawson College Foundation donates money to the College for operating expenses of the College, at the discretion of the Board of Trustees of the Dawson College Foundation. There were no significant transactions during the years ended June 30, 2001 and June 30, 2002.



**DAWSON COMMUNITY COLLEGE  
GLEN DIVE, MONTANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001 AND 2002**

**NOTE K - SEGMENT INFORMATION**

The College maintains three auxiliary funds which are intended to be self-supporting. Financial segment information is presented below.

As of and for the year ended June 30, 2001:

|                              | <u>Dorm</u> | <u>New Dorm</u> | <u>Bookstore</u> | <u>Total</u> |
|------------------------------|-------------|-----------------|------------------|--------------|
| Operating Revenues (Net)     | 194,205     | 37,076          | 145,825          | 377,106      |
| Operating Expenses           | 102,840     | 27,897          | 186,091          | 316,828      |
| Net Income (Loss)            | 91,365      | 9,179           | (40,266)         | 60,278       |
| Operating Transfers In (Out) | (54,325)    | -               | -                | (54,325)     |
| Net Working Capital          | 281,056     | 32,647          | 142,458          | 456,161      |
| Total Assets                 | 295,201     | 32,647          | 142,458          | 470,306      |
| Total Liabilities            | 14,145      | -               | -                | 14,145       |
| Total Equity                 | 281,056     | 32,647          | 142,458          | 456,161      |

As of and for the year ended June 30, 2002:

|                              | <u>Dorm</u> | <u>New Dorm</u> | <u>Bookstore</u> | <u>Total</u> |
|------------------------------|-------------|-----------------|------------------|--------------|
| Operating Revenues (Net)     | 241,698     | 43,791          | 138,699          | 424,188      |
| Operating Expenses           | 99,430      | 34,534          | 130,905          | 264,869      |
| Net Income (Loss)            | 142,268     | 9,257           | 7,794            | 159,319      |
| Operating Transfers In (Out) | (94,757)    | (10,000)        | -                | (104,757)    |
| Net Working Capital          | 328,566     | 29,588          | 150,253          | 508,407      |
| Total Assets                 | 343,237     | 29,588          | 150,253          | 523,078      |
| Total Liabilities            | 14,671      | -               | -                | 14,671       |
| Total Equity                 | 328,566     | 29,588          | 150,253          | 508,407      |

**NOTE L - PRIOR PERIOD ADJUSTMENTS**

The beginning fund balances were adjusted on the June 30, 2001, statement of changes in fund balances as follows:

| <u>Fund Type</u>           | <u>Fund Balance<br/>Increase</u> | <u>Reason</u>                                   |
|----------------------------|----------------------------------|-------------------------------------------------|
| General Operating          | \$ 56,685                        | Retirement payable recorded twice in prior year |
| Retirement of Indebtedness | 33,263                           | Record certificate of deposit                   |

**NOTE M - CONTINGENT LIABILITY**

The Montana Supreme Court ruled in Rippey that community college faculty are state employees for purposes of entitlement to payment for accumulated sick leave. Based on the Rippey decision of the Montana Supreme Court, the community colleges may be drawn into a lawsuit by the community college teachers seeking accumulated vacation and sick leave pursuant to Montana law for state employees. The amount of this potential liability is not reasonably estimable at this time.



**DAWSON COMMUNITY COLLEGE  
GLEN DIVE, MONTANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2001 AND 2002**

**NOTE N - SUBSEQUENT EVENT**

The College has investments with Edward Jones as described in Note C. Between June 30, 2002 and the completion of field work on September 18, 2002, those investments had additional unrealized losses of approximately \$111,000.



## SUPPLEMENTARY INFORMATION



**DAWSON COMMUNITY COLLEGE  
GLEN DIVE, MONTANA  
SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2001**

**STUDENT FINANCIAL AID MODIFIED STATEMENT  
OF CASH RECEIPTS AND DISBURSEMENTS**

|                                  | PELL            | PERKINS          | CWS             | SEOG          |
|----------------------------------|-----------------|------------------|-----------------|---------------|
| Beginning Cash Balance           | \$ 21,700       | \$ 16,637        | \$ -            | \$ -          |
| Additions:                       |                 |                  |                 |               |
| Federal Advances                 | 465,112         | 2,240            | 21,427          | 34,935        |
| State Matching Funds             | -               | -                | 16,028          | 11,645        |
| Institutional Matching Funds     | -               | -                | 7,462           | -             |
| Transfer from College Work Study | -               | -                | -               | 350           |
| Interest Collected               | -               | 1,297            | -               | -             |
| Interest Investments             | -               | 57               | -               | -             |
| Principal Collected              | -               | 10,044           | -               | -             |
| Total Additions                  | <u>465,112</u>  | <u>13,638</u>    | <u>44,917</u>   | <u>46,930</u> |
| Deductions:                      |                 |                  |                 |               |
| Distribution to Students         | 462,011         | 9,000            | 41,891          | 46,930        |
| Excess Cash Paid Back            | 21,700          | -                | -               | -             |
| Transfer to SEOG                 | -               | -                | 350             | -             |
| Administrative Expenses          | -               | 4,063            | -               | -             |
| Total Deductions                 | <u>483,711</u>  | <u>13,063</u>    | <u>42,241</u>   | <u>46,930</u> |
| Net Change in Cash               | <u>(18,599)</u> | <u>575</u>       | <u>2,676</u>    | <u>-</u>      |
| Ending Cash Balance              | <u>\$ 3,101</u> | <u>\$ 17,212</u> | <u>\$ 2,676</u> | <u>\$ -</u>   |



**DAWSON COMMUNITY COLLEGE  
GLEN DIVE, MONTANA  
SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2002**

**STUDENT FINANCIAL AID MODIFIED STATEMENT  
OF CASH RECEIPTS AND DISBURSEMENTS**

|                                  | <u>PELL</u>     | <u>PERKINS</u>   | <u>CWS</u>     | <u>SEOG</u>   |
|----------------------------------|-----------------|------------------|----------------|---------------|
| Beginning Cash Balance           | \$ 3,101        | \$ 17,212        | \$ 2,676       | \$ -          |
| Additions:                       |                 |                  |                |               |
| Federal Advances                 | 552,732         | 17,206           | 22,171         | 34,935        |
| Transfer from College Work Study | -               | -                | -              | -             |
| State Matching Funds             | -               | -                | 12,015         | 11,645        |
| Institution Matching Funds       | -               | 1,823            | 5,149          | -             |
| Interest Collected               | -               | 1,608            | -              | -             |
| Interest Investments             | -               | 57               | -              | -             |
| Principal Collected              | <u>-</u>        | <u>8,122</u>     | <u>-</u>       | <u>-</u>      |
| Total Additions                  | <u>552,732</u>  | <u>28,816</u>    | <u>39,335</u>  | <u>46,580</u> |
| Deductions:                      |                 |                  |                |               |
| Distribution to Students         | 551,494         | 12,297           | 41,418         | 46,580        |
| Transfer to SEOG                 | -               | -                | -              | -             |
| Administrative Expenses          | <u>-</u>        | <u>4,561</u>     | <u>-</u>       | <u>-</u>      |
| Total Deductions                 | <u>551,494</u>  | <u>16,858</u>    | <u>41,418</u>  | <u>46,580</u> |
| Net Change in Cash               | <u>1,238</u>    | <u>11,958</u>    | <u>(2,083)</u> | <u>-</u>      |
| Ending Cash Balance              | <u>\$ 4,339</u> | <u>\$ 29,170</u> | <u>\$ 593</u>  | <u>\$ -</u>   |



DAWSON COMMUNITY COLLEGE  
GLENDIVE, MONTANA  
SUPPLEMENTARY INFORMATION  
FOR THE YEARS ENDED JUNE 30, 2001 AND 2002

SCHEDULE OF EXPENDITURES  
STUDENT FINANCIAL ASSISTANCE PROGRAMS

|                                                     | <u>2001</u>       | <u>2002</u>       |
|-----------------------------------------------------|-------------------|-------------------|
| Perkins Loan Program                                |                   |                   |
| Student Loan Advances                               | \$ 9,000          | \$ 12,297         |
| Administrative Cost                                 | 4,063             | 4,561             |
|                                                     | <u>\$ 13,063</u>  | <u>\$ 16,858</u>  |
| College Work Study                                  |                   |                   |
| Wages                                               | <u>\$ 41,891</u>  | <u>\$ 41,418</u>  |
| Supplemental Education Opportunity<br>Grant Program |                   |                   |
| Student Grants                                      | <u>\$ 46,930</u>  | <u>\$ 46,580</u>  |
| Pell Grant Program                                  |                   |                   |
| Student Grants                                      | <u>\$ 462,011</u> | <u>\$ 551,494</u> |



**DAWSON COMMUNITY COLLEGE  
GLENDIVE, MONTANA  
SUPPLEMENTARY INFORMATION  
FOR THE YEARS ENDED JUNE 30, 2001 AND 2002**

**SCHEDULE OF ENROLLMENT STATISTICS**

| <u>Semester</u> | <b>Third Week Report</b> |            |                    | <u>Total</u> |
|-----------------|--------------------------|------------|--------------------|--------------|
|                 | <u>Resident</u>          | <u>WUE</u> | <u>Nonresident</u> |              |
| Summer 2000     | 26.20                    | -          | -                  | 26.20        |
| Fall 2000       | 345.00                   | 41.60      | 9.13               | 395.73       |
| Spring 2001     | 354.90                   | 39.47      | 10.53              | 404.90       |
| Summer 2001     | 38.30                    | -          | -                  | 38.30        |
| Fall 2001 **    | 356.20                   | 46.80      | 7.47               | 410.47       |
| Spring 2002 **  | 381.70                   | 44.00      | 15.70              | 441.40       |

\*\* Totals for Fall 2001 and Spring 2002 include late starting classes allowed for full-time equivalent calculations.



**DAWSON COMMUNITY COLLEGE  
GLENDALE, MONTANA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2001**

| Federal Grantor/<br>Pass-Through Grantor/<br>Program Title          | Federal<br>CFDA<br>Number | Pass-Through<br>Grantor's<br>Number | Program<br>Award | Beginning<br>Balance<br>07/01/00 | Federal<br>Sources | State<br>Match | Other    | Expended         | Ending<br>Balance<br>06/30/01 |
|---------------------------------------------------------------------|---------------------------|-------------------------------------|------------------|----------------------------------|--------------------|----------------|----------|------------------|-------------------------------|
| <b>MAJOR PROGRAMS:</b>                                              |                           |                                     |                  |                                  |                    |                |          |                  |                               |
| <u>U.S. Department of Education</u>                                 |                           |                                     |                  |                                  |                    |                |          |                  |                               |
| Direct Programs:                                                    |                           |                                     |                  |                                  |                    |                |          |                  |                               |
| Supplemental Educational<br>Opportunity Grant Program               | 84.007                    | N/A                                 | \$ 34,935        | \$ -                             | \$ 35,197          | \$ 11,645      | \$ 88    | \$ 46,930        | \$ -                          |
| College Work Study                                                  | 84.033                    | N/A                                 | 21,396           | -                                | 18,994             | 16,028         | 6,869    | 41,891           | -                             |
| Perkins Loan Federal Capital                                        | 84.038                    | N/A                                 | 19,500           | -                                | 19,500             | -              | -        | 19,500           | -                             |
| * Federal Family Education Loans                                    | 84.032                    | N/A                                 | 441,094          | -                                | 441,094            | -              | -        | 441,094          | -                             |
| Pell Grant Program                                                  | 84.063                    | N/A                                 | 462,011          | -                                | 462,011            | -              | -        | 462,011          | -                             |
|                                                                     |                           |                                     | 978,936          | -                                | 976,796            | 27,673         | 6,957    | 1,011,426        | -                             |
| Student Support Services                                            | 84.042                    | N/A                                 | 198,582          | -                                | 191,538            | -              | -        | 191,538          | -                             |
| <b>NON-MAJOR PROGRAMS:</b>                                          |                           |                                     |                  |                                  |                    |                |          |                  |                               |
| <u>U.S. Department of Education</u>                                 |                           |                                     |                  |                                  |                    |                |          |                  |                               |
| Passed-Through Office of the<br>Commissioner of Higher Education:   |                           |                                     |                  |                                  |                    |                |          |                  |                               |
| Local Application<br>New Direction                                  | 84.048A<br>84.048A        | DCC-LAX01<br>01-R003                | 57,726<br>35,572 | -<br>-                           | 57,726<br>35,466   | -<br>-         | -<br>-   | 57,726<br>35,466 | -<br>-                        |
|                                                                     |                           |                                     | 93,298           | -                                | 93,192             | -              | -        | 93,192           | -                             |
| Tech Prep                                                           | 84.243A                   | TP01 E                              | 104,931          | -                                | 91,438             | -              | -        | 91,438           | -                             |
| Even Start - Family Literacy Program                                | 84.314B                   | GC048-01-Z1604                      | 36,000           | -                                | 22,283             | -              | -        | 22,283           | -                             |
| Passed-Through Montana Office<br>of Public Instruction:             |                           |                                     |                  |                                  |                    |                |          |                  |                               |
| Adult Basic Education                                               | 84.002                    | 58-6502-56-01BG                     | 46,798           | -                                | 44,210             | 15,600         | -        | 59,810           | -                             |
| <u>U.S. Department of Health &amp; Human Services</u>               |                           |                                     |                  |                                  |                    |                |          |                  |                               |
| Passed-Through Department of Social<br>and Rehabilitation Services: |                           |                                     |                  |                                  |                    |                |          |                  |                               |
| ECHO -Higher Ed.                                                    | 93.575                    | 2K02HIED0001                        | 34,078           | -                                | 11,444             | -              | -        | 11,444           | -                             |
| ECHO -Higher Ed.                                                    | 93.575                    | 2K02HIED0001                        | 21,256           | -                                | 21,256             | -              | -        | 21,256           | -                             |
| ECHO-DPHHS                                                          | 93.575                    | 2K02SPTG0004                        | 4,244            | -                                | 4,244              | -              | -        | 4,244            | -                             |
| ECHO-DPHHS                                                          | 93.575                    | 0102SPTG0004                        | 14,524           | -                                | 3,220              | -              | -        | 3,220            | -                             |
| ECHO-Mentoring                                                      | 93.575                    | 2K02MENT0003                        | 10,507           | -                                | 10,507             | -              | -        | 10,507           | -                             |
| ECHO-Mentoring                                                      | 93.575                    | 2K02MENT0003                        | 24,255           | -                                | 9,812              | -              | -        | 9,812            | -                             |
|                                                                     |                           |                                     | 108,864          | -                                | 60,483             | -              | -        | 60,483           | -                             |
| WoRC - TANF                                                         | 93.558                    | 58-6502-53-01                       | 14,106           | -                                | 14,106             | -              | -        | 14,106           | -                             |
| TOTAL FOR ALL FEDERAL AWARDS PROGRAMS                               |                           |                                     |                  |                                  |                    |                |          |                  |                               |
|                                                                     |                           |                                     | \$ 1,581,515     | \$ -                             | \$ 1,494,046       | \$ 43,273      | \$ 6,957 | \$ 1,544,276     | \$ -                          |

\* This program's activity is not reflected in the financial statements of this entity.



**DAWSON COMMUNITY COLLEGE  
GLENDALE, MONTANA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2002**

| Federal Grantor/<br>Pass-Through Grantor/<br>Program Title | Federal<br>CFDA<br>Number | Pass-Through<br>Grantor's<br>Number | Program<br>Award | Beginning<br>Balance<br>07/01/01 | Federal<br>Sources | State<br>Match | Other    | Expended     | Ending<br>Balance<br>06/30/02 |
|------------------------------------------------------------|---------------------------|-------------------------------------|------------------|----------------------------------|--------------------|----------------|----------|--------------|-------------------------------|
| <b>MAJOR PROGRAMS:</b>                                     |                           |                                     |                  |                                  |                    |                |          |              |                               |
| <u>U.S. Department of Education</u>                        |                           |                                     |                  |                                  |                    |                |          |              |                               |
| Direct Programs:                                           |                           |                                     |                  |                                  |                    |                |          |              |                               |
| Supplemental Educational                                   |                           |                                     |                  |                                  |                    |                |          |              |                               |
| Opportunity Grant Program                                  | 84.007                    | N/A                                 | \$ 34,935        | \$ -                             | \$ 34,935          | \$ 11,645      | \$ -     | \$ 46,580    | \$ -                          |
| College Work Study                                         | 84.033                    | N/A                                 | 22,114           | -                                | 24,254             | 12,015         | 5,149    | 41,418       | -                             |
| Perkins Loan Federal Capital                               | 84.038                    | N/A                                 | 5,469            | -                                | 7,708              | -              | -        | 7,708        | -                             |
| * Federal Family Education Loans                           | 84.032                    | N/A                                 | 417,297          | -                                | 417,297            | -              | -        | 417,297      | -                             |
| Pell Grant Program                                         | 84.063                    | N/A                                 | 551,494          | -                                | 551,494            | -              | -        | 551,494      | -                             |
| Total Student Financial Aid Cluster                        |                           |                                     | 1,031,309        | -                                | 1,035,688          | 23,660         | 5,149    | 1,064,497    | -                             |
| Student Support Services                                   | 84.042                    | N/A                                 | 241,668          | -                                | 220,761            | -              | -        | 220,761      | -                             |
| <b>NON-MAJOR PROGRAMS:</b>                                 |                           |                                     |                  |                                  |                    |                |          |              |                               |
| <u>U.S. Department of Education</u>                        |                           |                                     |                  |                                  |                    |                |          |              |                               |
| Passed-Through Office of the                               |                           |                                     |                  |                                  |                    |                |          |              |                               |
| Commissioner of Higher Education:                          |                           |                                     |                  |                                  |                    |                |          |              |                               |
| Local Application                                          | 84.048A                   | DCC-LAX01                           | 59,396           | -                                | 59,396             | -              | -        | 59,396       | -                             |
| New Direction                                              | 84.048A                   | 01-R006                             | 34,967           | -                                | 34,967             | -              | -        | 34,967       | -                             |
|                                                            |                           |                                     | 94,363           | -                                | 94,363             | -              | -        | 94,363       | -                             |
| Tech Prep                                                  | 84.243A                   | TP01 E                              | 110,097          | -                                | 106,301            | -              | -        | 106,301      | -                             |
| Even Start - Family Literacy Grant                         | 84.314B                   | GC048-01-Z1604                      | 13,717           | -                                | 10,941             | -              | -        | 10,941       | -                             |
| Passed-Through Montana Office                              |                           |                                     |                  |                                  |                    |                |          |              |                               |
| of Public Instruction:                                     |                           |                                     |                  |                                  |                    |                |          |              |                               |
| Adult Basic Education                                      | 84.002                    | 58-6502-56-02BG                     | 49,787           | -                                | 43,787             | 13,611         | -        | 57,398       | -                             |
| <u>U.S. Department of Health &amp; Human Services</u>      |                           |                                     |                  |                                  |                    |                |          |              |                               |
| Passed-Through Department of Social                        |                           |                                     |                  |                                  |                    |                |          |              |                               |
| and Rehabilitation Services:                               |                           |                                     |                  |                                  |                    |                |          |              |                               |
| ECHO -Higher Ed.                                           | 93.575                    | 0102HIED0001                        | 22,634           | -                                | 22,634             | -              | -        | 22,634       | -                             |
| ECHO -Higher Ed.                                           | 93.575                    | 0202HIED0001                        | 36,658           | -                                | 21,035             | -              | -        | 21,035       | -                             |
| ECHO-DPHHS                                                 | 93.575                    | 0202SPTG0008                        | 11,304           | -                                | 11,280             | -              | -        | 11,280       | -                             |
| ECHO-DPHHS                                                 | 93.575                    | 0202SPTG0008                        | 14,910           | -                                | 5,187              | -              | -        | 5,187        | -                             |
| ECHO-Mentoring                                             | 93.575                    | 0202ment0003                        | 23,047           | -                                | 10,712             | -              | -        | 10,712       | -                             |
| ECHO-Mentoring                                             | 93.575                    | 0102ment0003                        | 14,453           | -                                | 14,453             | -              | -        | 14,453       | -                             |
|                                                            |                           |                                     | 123,006          | -                                | 85,301             | -              | -        | 85,301       | -                             |
| WoRC - TANF                                                | 93.558                    | 58-6502-53-02                       | 27,500           | -                                | 27,500             | -              | -        | 27,500       | -                             |
| <b>TOTAL FOR ALL FEDERAL AWARDS PROGRAMS</b>               |                           |                                     |                  |                                  |                    |                |          |              |                               |
|                                                            |                           |                                     | \$ 1,691,447     | \$ -                             | \$ 1,624,642       | \$ 37,271      | \$ 5,149 | \$ 1,667,062 | \$ -                          |

\* This program's activity is not reflected in the financial statements of this entity.





**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Legislative Audit Committee  
of the Montana State Legislature

We have audited the general purpose financial statements of Dawson Community College as of and for the years ended June 30, 2001 and 2002 and have issued our report thereon dated September 18, 2002. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Dawson Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to the management of Dawson Community College in the accompanying schedule of findings on pages 35-36 as finding #02-03.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Dawson Community College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Dawson Community College's ability to record, process, summarize and report financial data consistent with assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings on pages 35-36 as findings #02-01 and #02-02.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe any of the reportable conditions described in the accompanying schedule of findings on pages 35-36 is a material weakness.



This report is intended for the information of the Legislative Audit Committee of the Montana State Legislature, Dawson Community College's management, federal agencies and pass-through entities, and is not intended to be, and should not be used by anyone other than these specified parties.

CHMS, P.C.

CHMS, P.C.  
Certified Public Accountants

September 18, 2002





**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

Legislative Audit Committee  
of the Montana State Legislature

Compliance

We have audited the compliance of Dawson Community College with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended June 30, 2001 and 2002. Dawson Community College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings on pages 35-36. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Dawson Community College's management. Our responsibility is to express an opinion on the Dawson Community College's compliance based on our audit.

We conducted our audit of compliance in accordance the generally accepted auditing standards; the standards applicable to financial audits contained *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Dawson Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Dawson Community College's compliance with those requirements.

In our opinion, Dawson Community College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2001 and 2002.

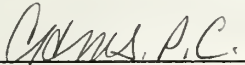
Internal Control Over Compliance

The management of Dawson Community College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Dawson Community College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.



Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of law, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Legislative Audit Committee of the Montana State Legislature, Dawson Community College's management, federal agencies and pass-through entities, and is not intended to be, and should not be used by anyone other than these specified parties.

  
\_\_\_\_\_  
CHMS, P.C.  
Certified Public Accountants

September 18, 2002



**DAWSON COMMUNITY COLLEGE  
GLEN DIVE, MONTANA  
SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED JUNE 30, 2001 AND 2002**

**SECTION 1 – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

|                                                                                     |             |
|-------------------------------------------------------------------------------------|-------------|
| Type of auditor’s report issued: .....                                              | Unqualified |
| Internal control over financial reporting:                                          |             |
| Material weakness identified? .....                                                 | No          |
| Reportable conditions identified not considered<br>to be material weaknesses? ..... | Yes         |
| Noncompliance material to financial statements noted? .....                         | No          |

**Federal Awards**

|                                                                                                                            |             |
|----------------------------------------------------------------------------------------------------------------------------|-------------|
| Internal control over major programs:                                                                                      |             |
| Material weakness identified? .....                                                                                        | No          |
| Reportable conditions identified not considered<br>to be material weaknesses? .....                                        | No          |
| Type of auditor’s report issued on compliance<br>for major programs: .....                                                 | Unqualified |
| Any audit findings disclosed that are required to be reported<br>in accordance with Circular A-133, Section .510(a)? ..... | No          |

Identification of major programs:

| <u>CFDA Number</u> | <u>Award Year</u> | <u>Name of Federal Program</u>          |
|--------------------|-------------------|-----------------------------------------|
| Various            | 00-01 & 01-02     | Student Financial Aid Cluster           |
| 84.243A            | 00-01 & 01-02     | Student Support Services – Trio Cluster |

|                                                                                   |           |
|-----------------------------------------------------------------------------------|-----------|
| Dollar threshold used to distinguish between<br>Type A and Type B programs: ..... | \$300,000 |
| Auditee qualified as low-risk auditee? .....                                      | No        |



**DAWSON COMMUNITY COLLEGE  
GLEN DIVE, MONTANA  
SCHEDULE OF FINDINGS (CONTINUED)  
FOR THE YEARS ENDED JUNE 30, 2001 AND 2002**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding #02-01 – Cash Reconciliations**

The College did not reconcile bank accounts and funds held outside the county treasurer to the general ledger on a monthly basis.

**Recommendation**

The College should reconcile all bank accounts, funds held by the county treasurer, and funds held outside the county treasurer to the general ledger on a monthly basis. The College should keep a subsidiary ledger of all bank accounts and investments held outside the county treasurer to reconcile to the general ledger.

**Finding #02-02 - Petty Cash**

The institution has several petty cash bank accounts at Stockman Bank. The institution does not have adequate control policies in place over management and operation of the petty cash funds.

**Recommendation**

The institution should adopt policies for the petty cash funds. The funds should be on an imprest system, where the cash in the account and outstanding checks and deposits reconcile to a fixed amount at all times.

**Finding #02-03 - Vacation Accruals**

The College calculates an employee's excess annual vacation leave on a fiscal year basis instead of a calendar year basis as required by Montana Code Annotated §2-18-617.

**Recommendation**

The College should calculate excess annual vacation leave and forfeitures of that vacation leave on a calendar basis in accordance with Montana Code Annotated §2-18-617.

**PRIOR YEARS' RECOMMENDATIONS**

A summary of the recommendations from fiscal years June 30, 1999 and 2000 is as follows:

| <u>Finding</u>                                                                              | <u>Status</u> |
|---------------------------------------------------------------------------------------------|---------------|
| Recommendation #1 – Excess Cash<br>Pell funds drawdowns not reconciled<br>on a timely basis | Implemented   |

**SECTION III – FEDERAL AWARD FINDINGS**

**NONE**



October 30, 2002

Tara Hill  
P O BOX 1067  
104 Second Avenue SW  
Sidney MT 59270

Dear Ms. Hill:

The following is our response to the recommendations made in the 2000-2002 audit report for Dawson Community College.

**Finding #02-01 – Cash Reconciliations**

The College did not reconcile bank accounts and funds held outside the county treasurer to the general ledger on a monthly basis.

**Recommendation**

The College should reconcile all bank accounts, funds held by the county treasurer, and funds held outside the county treasurer to the general ledger on a monthly basis. The College should keep a subsidiary ledger of all bank accounts and investments held outside the county treasurer to reconcile to the general ledger.

**Response**

Concur, we will review the established procedures, confer with the auditors, and make the necessary modifications to minimize the probability of a reoccurrence of the issue cited in the aforementioned recommendation.

**Finding #02-02 – Petty Cash**

The institution has several petty cash bank accounts at Stockman Bank. The institution does not have adequate control policies in place over management and operation of the petty cash funds.

**Recommendation**

The institution should adopt policies for the petty cash funds. The funds should be on an imprest system, where the cash in the account and outstanding checks and deposits reconcile to a fixed amount at all times.



### **Response**

Concur, we will review and make changes to the policies that are applicable to the pctty cash funds. The changes will provide greater assurances that the imprest system, as modified, is being adhered to and functioning according to policy.

### **Finding #02-03 – Vacation Accruals**

The College calculates an employee's excess annual vacation leave on a fiscal year basis instead of a calendar year basis as required by Montana Code Annotated 2-18-617.

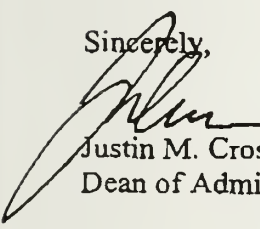
### **Recommendation**

The College should calculate excess annual vacation leave and forfeitures of that vacation leave on a calendar basis in accordance with Montana Code Annotated 2-18-617.

### **Response**

For more than two decades the College has consistently applied the practice of calculating excess annual vacation leave and forfeitures of vacation leave on a fiscal year basis. We will review the current practice, confer with the County Attorney, and if directed to do so will adopt the auditors recommendation.

Sincerely,



Justin M. Cross  
Dean of Administrative Services





